Men's Wear Favorites Reappear at MAGIC

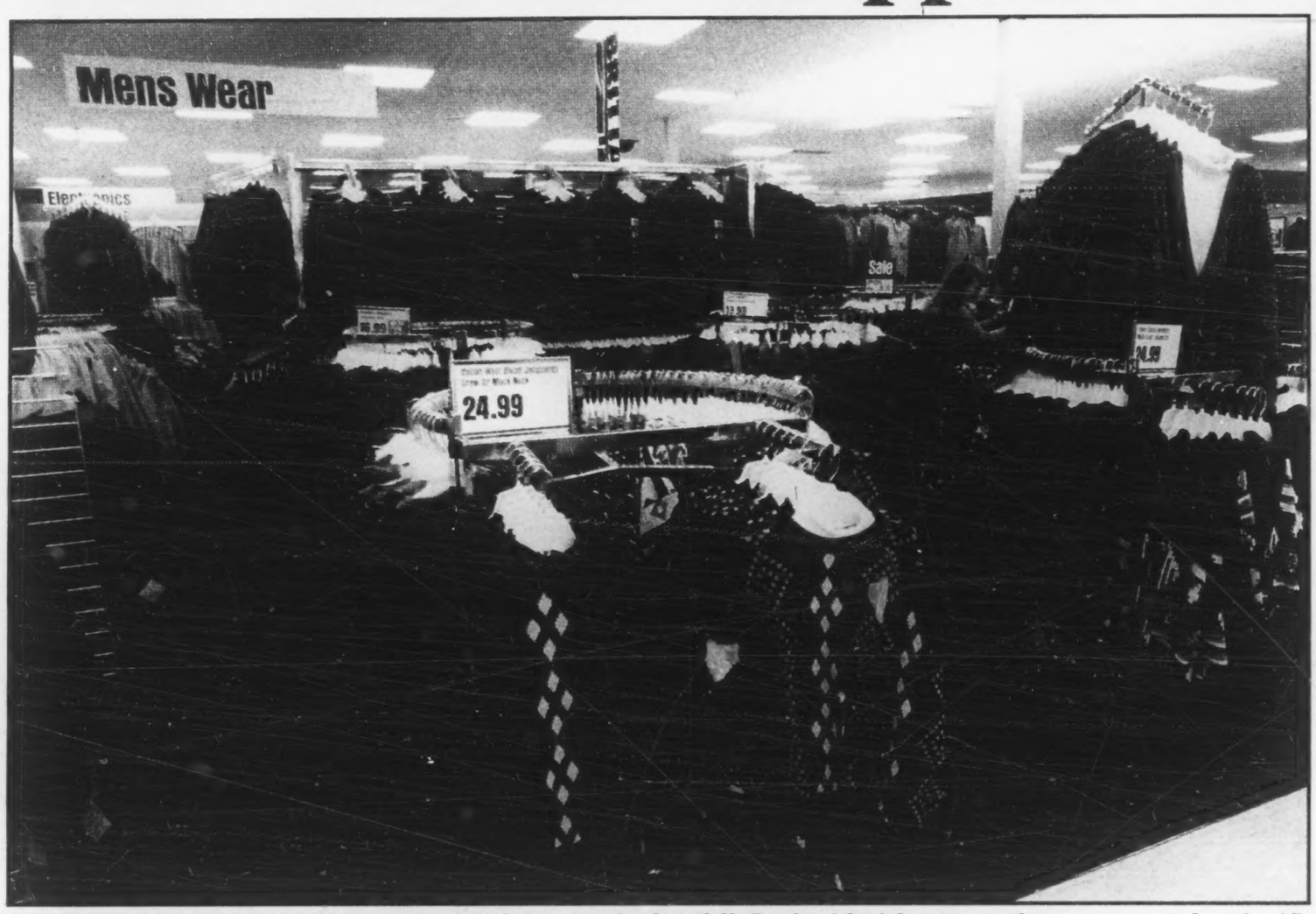
Leather Trims, Turtlenecks, Fleece Strong

By Pamela Meek
Nationwide DSN Report

Discounters at the upcoming Men's Apparel Guild in California (MAGIC) show this month expect many of the past season's holiday trends to once again be significant sales contributors to their men's department figures.

Coming off a competitive and promotional Christmas, men's sales were only adequate at many discounters. However, most buyers agreed there were a few stellar performers. Given a few fresh updates, it is these items again that many discounters believe will be important.

Overwhelmingly, buyers said sweaters were strong sellers this past fall, especially cardigans. Heading into fall 1990 discounters expect sweaters to again be strong as newness is added with deeper and richer tones.



***Sweaters, particularly cardigans**, generated strong sales last fall. Back with richer tones, they are expected to significantly contribute to sales again in fall '90.* (DSN photo)

Leather outerwear was also a good seller for many chains and is expected to once again be popular this fall. Discounters said that both all-leather men's wear jackets and outerwear featuring leather trims should sell well.

Popularity of Fleece

The popularity of fleece was apparent at many chains during the holiday selling season, as college and NFL prints led sales in the area. New design patterns and logos, more brand names and a greater selection in heavier weight fleece is expected to keep the category in the forefront of customer desirability.

Other key items buyers said should continue to sell well this fall are turtlenecks, mock turtlenecks and fashion jeans in different washes and treatments.

Discounters will be looking to confirm these trends and discover others at the MAGIC show, held in Las Vegas next month from March 7 to 10 at the convention center. The last MAGIC show in October marked the first in Las Vegas since the move from Los Angeles. While there was some speculation that buyers would not like the move, most discounters said they actually preferred the new setup.

Yet this time several discounters said they would also make a stop in Los Angeles. While some tried to forgo the Los Angeles leg in October, many admitted that the area is still crucial for spotting hot merchandising and apparel trends.

Fewer Buyers at MAGIC

Many discounters, however, said they will have fewer buyers at MAGIC this time compared to October, since the fall show is not as significant as the spring/summer presentation.

Secaucus, N.J.-based Jamesway expects to have some six buyers on hand for the show while Ames will send 12 people from its Rocky Hill, Conn., base. For Ames, this number is down by a few people, since the company no longer has a separate urban division (Zayre), which had its own buyers.

According to Ames vice president and general merchandise manager of men's and boys' wear Chuck Rilling, the chain's entourage that is heading to the MAGIC show will "look for trends and firm up any adjustments in its assortment." Rilling said the buyers will also do some purchasing, in addition to looking for special values.

Hills expects to complete some fill-in business at MAGIC. But, the primary focus of the Canton, Mass.-based chain is to confirm and review what it has already scheduled for fall, according to vice president of men's and children's wear Dick Gully. Gully said the chain will be sending about 10 executives to the show, and that some of these buyers will also then go on to Los Angeles to shop the stores.

Not only will discounters be visiting with existing vendors, but also several new mass market players. As department store sales continue to suffer at many chains, many long-standing upstairs brands are now also serving discounters.

Just recently, Bonjour International announced the introduction of a men's and boys' wear collection of sportswear and jeans that is aimed at both department stores and mass market retailers and discounters. While Bonjour International is not forsaking its department store origin, the company has realized the potential for added volume by also selling its new line to discounters.

Other companies, such as Brittania and Lightning Bolt, have given up the department store level altogether and are working directly with the mass market.

Survey Reveals Cotton Is Fabric Preferred in Men's Wear Sweaters

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man's sweater was $54, about $17 more than those who would buy cotton.

The prospects for a good year in sweater sales seem bright. Sixty-one percent of all consumers queried said they definitely or may be buying a man's sweater in the next 12 months. Fifty-five percent of the male respondents said they'd be in the market for a sweater this year, while 67 percent of the female respondents said they'd be likely to buy a man's sweater this year. A disproportionately high percentage of female shoppers (39 percent) said they "may be" buying a man's sweater in the coming 12 months, raising the possibility that these women could be lured to buy on impulse with the proper in-store merchandising.

If prospects for strong sweater sales appear good this year, the outlook for *cotton* sweater sales is even better. Sixty-two percent of consumers who prefer a cotton man's sweater said they would definitely or maybe purchase one in the coming year.

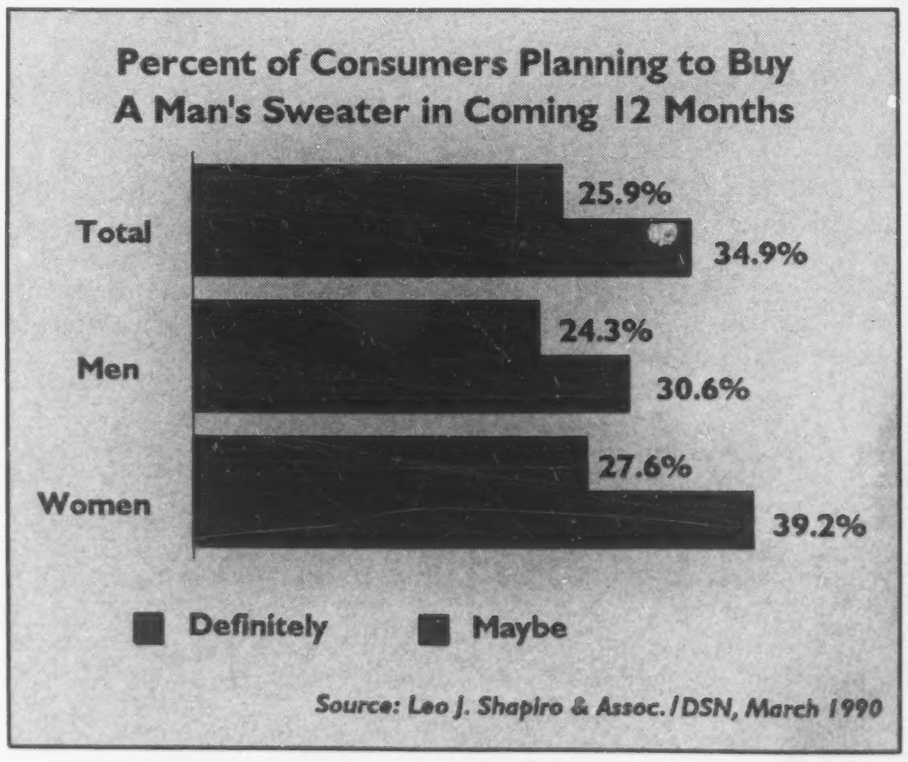
Overall, one out of four consumers in the market for a man's sweater over the next year named a discount department store as their first or second choice to make their purchase. That percentage is comparable among both men and women consumers.

Sears, however, remains the first choice of consumers who said they will definitely or maybe purchase a man's sweater in the coming year. Twenty-two percent of consumers in the market for a man's sweater said they'd likely buy it at Sears. JCPenney was the second most popular choice of outlet for a man's sweater, with 12 percent of consumers choosing the soft lines upscale mass merchant.

Twenty-four percent of consumers in the market for a man's sweater mentioned any of several upscale department stores, such as Dillard's, Nordstrom, Hudson's, Macy's, Neiman-Marcus and the like. Macy's, with 4 percent of mentions, garnered the highest percentage of consumers in this group. No other full-price department store received more than 2 percent of consumer mentions.

Discount department stores as a group received 11 percent of mentions as the first choice of retail outlet. Not surprisingly, K mart led this group, garnering 5 percent of mentions as the store of first choice among consumers looking to definitely or maybe buy a sweater in the coming 12 months. The fact that Sears and JCPenney appear to be the main competition to discount stores for men's sweater sales may make it easier for discounters, especially upscale discounters, to expand market share in the category.

Only 3 percent of consumers said they would likely buy a man's sweater in an off-price specialty apparel chain.



Kmart Launches Drive to Revive Discount Stores

(Continued from page 1)
tion program that is revamping its stores into a collection of specialty stores. Previously, Montgomery Ward undertook a similar revitalization move. Wal-Mart continues its torrid growth program, narrowing the sales gap between itself and K mart, with many trade observes even speculating that the company will become the largest retailer in sales within the next two years. Target, meanwhile, has strengthened its fashion merchandising focus as well as bolstering its position in markets like the Pacific Northwest and Michigan entered during the past few years.

The $2.3 billion capital spending program will be used for new stores, fixtures and other physical structures. It doesn't cover merchandise nor any expenses incurred for the store closings, enlargements or refurbishments, asset write-offs for furniture and fixtures, settlement of leases and other non-recurring charges that will result from the rebuilding effort.

K mart Takes $640M Charge

K mart has taken a one-time $640 million pretax charge against last year's results to cover these non-recurring expenses. This charge, expected to total about $422 million after taxes, could result in the company reporting little or no net income, or even a loss, for last year when 1989 fiscal results are announced.

The one-time charge is separate from the $2.3 billion program. The corporation doesn't anticipate turning to any outside direct financing to fund the capital spending program, a spokesman said. "No financing plan has been set aside for the program."

The company has budgeted about $800 million in overall capital spending in 1990, with only about $350 million directly related to the $2.3 billion revitalization program. This means about $2 billion will remain to be spent during the subsequent four years.

The remaining approximately $450 million from the 1990 capital spending plan will be spent on completing the installation of POS terminals, other retail automation systems and a satellite network chainwide for the K mart operation, along with opening and refurbishing stores for its specialty chains—Pace membership warehouses, Waldenbooks, Payless Northwest, Builders Square, Sports Giant and K mart Canada.

Prior to committing to its rebuilding program, K mart tested the viability of its look of the '90s through the opening of the new store in Oak Park, Mich., and the refurbishing of the Rochester, Mich., unit last fall (see *DSN*, Sept. 4, 1989, page 1), and then followed up by remaking the Virginia Beach, Va., store.

The discounter took a "zero-based budget" approach to designing the new prototype, the spokesman said. "We said let's forget what a K mart looks like and instead focus on how would we design a discount store today, what would we want the store to look like, what fixtures, adjacencies and merchandise would we want?"

The three ground breaking stores picked up a number of concepts used in American Fare like fixtures on wheels for flexible displays and easy replenishing of goods, along with other ideas like shelving that holds full-pack quantities to cut down the need for stockroom space.

The stores also used new signage and graphics to more sharply delineate departments. Brand names were played up to make shoppers more aware of the discounter's growing focus on brands.

Antonini, in announcing the $2.3 billion program, said customer acceptance of the Oak Park Look "has been very good, and sales results have exceeded expectations."

The "Look" has now become K mart's prototype, used for all new stores. All older stores as far as possible will be remodeled to reflect Oak Park's presentation and merchandise atmosphere. Fine-tuning of the Oak Park Look will be ongoing, the spokesman said.

K mart projects opening 250 new discount stores, but its physical rebuilding actually involves more than double that number of new units: another 280 structures will be built from-the-ground-up as sites for relocated stores, while 620 units will be enlarged from about 75,000 square feet to an average of 86,000 square feet.

A total of 1,260 will be refurbished to a greater or lesser degree with the Oak Park Look. Another 30 stores will be closed, so K mart will have a net gain of 220 stores by the end of 1994 to reach about 2,380 discount stores.

While 30 discount stores will be shuttered, some closings could also take place among the K mart's specialty store chains except Pace, which will grow dramatically as a result of new wholesale clubs and the conversion by mid-July of the former Makros.

K mart hasn't decided what it will do with the excess footage that will result from the conversion of the large Makros into Paces. The first remake will be of the smaller Markos in Flint, Mich., Toledo, Ohio, and Burlington, Conn.

The K mart rebuilding program doesn't address the company's plans for two other discount store ventures: the two Super K combination food/general merchandise stores and the American Fare hypermarket. These stores are ongoing experiments being closely studied by the company, the spokesman said.

No new Super Ks have been announced, but a second American Fare will open in the spring in Charlotte, N.C., as a scaled-down 160,000-square-foot version of the concept first probed in a 240,000-square-foot store in Stone Mountain, Ga., opened a year ago.

Waldenbooks Debuts Preferred Reader Program

(Continued from page 6)
For Harry Hoffman, Waldenbooks president and chief executive officer, the Preferred Reader program was designed "to provide customers with value-added services that will make Waldenbooks the preferred store for book buyers."

How successful that quest will be for Waldenbooks is unknown. B. Dalton Booksellers had been testing a preferred reader program of its own for over a year in 30 of its stores in Dallas. And its 24-unit Bookstop division has had a membership card similar to Waldenbooks for years. Both failed to produce convincing results, said Leonard Riggio, who co-owns and runs the company.

"If there was clear evidence it was successful, we would have rolled it out nationally. But we found you lose more in discount than you pick up in increased sales," said Riggio.

Crown Books said if Waldenbooks' new discount program really does provide added value to customers it will offer a program that provides "an even better value," said president Robert Haft.

A much smaller book retailer, Encore Books, the 48-unit discount book store division of Rite-Aid Drug Stores, will not react to Waldenbooks' new program, said Brian Weese, general manager.

Weese said Encore already discounts books at levels Waldenbooks is now implementing and won't lower prices further or add a preferred readers program of its own.

The crux of Waldenbooks' Preferred Reader program is its data-based marketing, said Jaffe. Waldenbooks will now store buying habits information on each Preferred Reader via a customized and bar coded membership card used in each transaction.

Personal information on the frequent customer, such as favorite topics, is also obtained when the customer registers for the program. All information is stored in Waldenbooks new computer system.

Waldenbooks developed its own software program to extract and store customer profile information, said Jaffe. The information will be used to track customer purchases and for direct mailings and special buying programs.

Exactly how much the new program will impact the bottom line at Waldenbooks Jaffe would not say. Nor would he comment on projected sales increases from the program. Yet, from just the annual membership alone, the payback could be tremendous.

Currently, Waldenbooks maintains a preferred readers list of 3.5 million customers. They are members of Waldenbooks' science fiction, romance, mystery, 60+ and kids preferred reader programs.

With the official beginning of Preferred Readers March 5, Waldenbooks will offer only one preferred readers program. Existing members can convert their membership at no charge to the new program for the first year, or remain in their existing program. However, no new members to the old programs are being accepted, said Jaffe.

Only members in the 60+ program become lifetime members when they pay the $10 fee.

Retail book sales for 1989 were estimated to be $9.6 billion, up from $8.6 billion in 1988, according to the Book Industry Study Group. For 1990, book sales through all general retailers is estimated to total $10.8 billion.

Child World to Add 9 Stores in '90

Chain to Test Viability of Prototype Format in New Stores

(Continued from page 1)
including: juvenile apparel, a 1,000-square-foot department with basic infant and toddler clothing; the Disney Shop, featuring an assortment of Disney clothes and toys; and porcelain dolls.

Redesigning Departments

In addition, several other departments were redesigned and relocated. The electronics area was redone as a separate enclosed department to improve security. New displays and fixtures were introduced for video game hardware and software, computers and videotapes. The juvenile furniture and accessories department was renamed Baby World and was moved to the rear center of the store. In the plush department, separate bins for each kind of animal were created to improve presentation and backup stock.

Another key consideration for the prototype's design, explained Hayes, was to make it more appealing for mothers and their children. A kid-size door was added to the entranceway, child care tables were added to rest rooms, infant seats were added to shopping carts, and small rides and a popcorn cart were added to the front of the store.

A new color scheme and a graphics were added throughout the store.

Hayes said sales have been "strong" since the prototype opened but he did not go into specifics.

"We still have many formidable challenges ahead, including learning how to properly operate and replenish a store of this type," Hayes said. However, he is confident that this "store of the future will lead the company into the '90s."

Overall, about 12 stores are slated for complete remodels during '90, 75 percent of which will be converted to the Framingham prototype. Also, about 10 to 15 new stores will be opened during the year with most of them using the new format. A comparable expansion plan is projected for the years beyond 1990.

Hayes would not disclose specific locations scheduled for renovation or specific markets slated for new stores. But he said the new stores will be clustered within existing markets.

At presstime, Child World had not released fourth quarter sales results. As of the third quarter ended Oct. 28, 1989, net sales rose a modest 2.1 percent over last year, from $154.2 million in 1988 to $157.3 million last year. The net loss for the third quarter was $4.1 million, compared with last year's loss of $3.3 million. According to Hayes, the fourth quarter generates over half of the firm's sales and all of its earnings.

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Caldor Employs 'May-less' Look

Remodelings Key To Achieving Self-Sufficiency

By Tony Lisanti

BRICKTOWN, N.J. — Like the astronauts of the space shuttle Challenger, Caldor executives Don Clarke and Marc Balmuth have a specific mission to accomplish. That mission is survival without The May Cos.

The remodeled store that was reopened here in this New Jersey shore community last month exemplifies the key components of the Norwalk, Conn.-based discount retailer's "May-less" strategy.

***Left: Caldor's chairman** Don Clarke (l.) and Marc Balmuth, president, in the recently remodeled Bricktown, N.J.,store. Right: Lawn and garden has been upgraded into a power department, featuring new fixtures to make handling and stocking easier.* (DSN photos)

"The key is remodeling," emphasized chairman Clarke. "Another emphasis is on replenishment. Caldor has had very low level systems until now."

Clarke also identified technology, customer service and "trend merchandising" as other important elements of the chain's growth plans.

The Bricktown site was the sixth store to get a facelift which includes improved adjacencies, and a new color scheme, signs and logo.

"The first five were not as good as this one," admitted Clarke, who also said that 10

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The MAGIC of Brands, Shops

By Pamela Meek

LAS VEGAS, Nev. — More brand names and shop-within-a-store concepts were the two dominant themes for discount store merchandisers at this month's MAGIC (Men's Apparel Guild in California) show.

The growing proliferation of discounter-oriented brand name apparel was much in evidence here as more manufacturers continue to leave behind their department store roots.

The switchover is not surprising, since many longtime "department store" brands have been abandoned by that retail sector in favor of private label products. At the same time, department

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***From left:** Bob Floum, John Jamison and Andy Hess of Fisher's Big Wheel attended show.* (DSN photo)

Kmart Turns Its Attention On Specialty Store Growth

By Don Longo

TROY, Mich. — K mart Corp., has now turned its attention to its specialty stores.

Last month, the nation's leading discounter announced a five-year plan to spend over $2.3 billion to modernize and refurbish its core discount store division. This month, it took steps to ensure the continued growth of its specialty retailing division.

Wayne H. Patterson, the executive who helped establish Pace Membership Warehouse as one of the leading players in the wholesale club industry, was appointed executive vice president, specialty retailing earlier this month. A certified public accountant, Patterson previously served as managing partner of Touche, Ross & Company.

Patterson, 44, will be responsible for Pace, the 47-unit wholesale club chain that K mart acquired last November, Pay Less Drug Stores Northwest and Waldenbooks Company. He will report directly to K mart chairman and chief executive officer Joseph Antonini. Pay Less NW and Waldenbooks previously reported to Antonini.

***Wayne Patterson**, Pace's new executive vp, specialty retailing.*

Larry M. Parkin, K mart's executive vp for warehouse and grocery operations, will retire in January 1991. American Fare, Builders Square, Office Square and Sports Authority will continue to report to Parkin until his retirement. At that time, Patterson will assume direct responsibility for all specialty retailing.

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Over-Inventoried Zayre Eating Ames?

By Pete Hisey

ROCKY HILL, Conn. — Has Zayre run away with Ames? According to one major vendor, the nation's fourth-largest discounter has canceled hefty orders of late and has "lost control of its inventory," in the former Zayre stores, apparently due to problems with its new IBM computer system.

Ames' chief financial officer, Duane Wolter, while confirming canceled and delayed orders, contended that Ames is back on plan. "As we reported in January, we're overinventoried, and we've made a commitment to get back on track by April," he said. "Therefore, we've canceled some orders and delayed others." The inventory glut resulted from poor fourth quarter and holiday sales at former Zayre stores, he added.

"We have worked closely with vendors and kept them informed about our strategy," Wolter continued, adding that he expected some disappointment as orders are canceled.

As for the new computer system at Zayre stores, Wolter noted that the rush last fall to reopen former Zayre stores resulted in a huge increase in drop-ship-

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MARKETWATCH

Target Sales Rise 19% to $7.5 Billion

MINNEAPOLIS — Target posted its 15th consecutive year of record operating profit, with a 32 percent increase over 1988. It attributes results to strong sales growth (19 percent overall, 7 percent in comparable stores) to $7.5 billion, improved margin and operating expense rates. Target's $449 million in operating profit represents nearly 46 percent of total Dayton Hudson Corp.'s operating profits.

Office Depot Enters Ohio, Mississippi

BOCA RATON, Fla. — Office Depot opened five stores in one day earlier this month, two marking the office supply superstore's entry into its 13th and 14th states: Ohio (Dayton) and Mississippi (Jackson). The other sites are in current Office Depot markets, Margate (Miami), Fla., Madison (Nashville), Tenn., and Dallas. The expansion came as the chain reported record sales and earning last year. Volume tripled from $132 million to $314.6 million while net earnings jumped from $3.8 million (which included $2 million from life insurance proceeds) to $6.5 million.

Herman's Names Robert Corliss CEO

CARTERET, N.J. — Herman's, the nation's largest sporting goods chain, has a new ceo, Robert Corliss. Previously of Best Products, Corliss replaces David Bloom, who resigned. Isosceles PLC, its new British parent, said last year that it was putting Herman's on the block.

Tampa Tribune's DiSalvo Honored

ST. PETERSBURG, Fla. — WORKplace, the five-store office products chain based here, presented "1 million shares of good will" to Tony DiSalvo of the *Tampa Tribune* for his assistance in developing a retail marketing strategy for the start-up chain. Director of advertising Dean Marcarelli made the presentation, which also included a limited edition MontBlanc pen and a letter of recognition from Stephen Westerfield, WORKplace president, comparing the *Tribune*'s efforts to the best of any national daily.

Tony Bennett Announces Gitano Winner

Jennifer Lynn Pracht

NEW YORK — Jennifer Lynn Pracht of Mt. Pleasant, S.C., was the winner of Gitano's 1990 Model Search. The teenager was one of 15 finalists, aged 14 to 18, chosen from among over 7,000 entries across the country. The finalists participated in a fashion show/model competition held here at the Palladium March 14. Singer Tony Bennett, who croons the theme song to Gitano's 1990 advertising and marketing campaign that focuses on the "Spirit of Family," made a surprise appearance to announce the winner.

Best Products Opens Outlet

Oklahoma City Greets Best Bargains Clearance Center

RICHMOND, Va. — Best Products has opened an outlet store in Oklahoma City called Best Bargains to sell the cataloger's clearance items and reconditioned merchandise as well as act as a pickup center for regular goods ordered through its Tele-Mail system.

The store, which sells outlet merchandise at 25 percent to 50 percent off Best's regular prices, is the clearance center for the cataloger's 45 Midwest showrooms. The stores send this merchandise to Best's Dallas distribution center, which ships the goods to the clearance center.

"We feel our distribution system is sophisticated enough to receives and tranship the clearance goods and the additional handling is a minor issue," according to a company spokesman.

The cataloger doesn't have any current plans to open outlet stores to process goods from its other 149 showrooms. Each of these Bests merchandises its owns clearance items and scratched, dented and reconditioned goods.

While Best's in-store disposal of clearance and reconditioned goods works, "their primary responsibility is to focus on selling current merchandise and we prefer that they don't have to deal with dented and scratched goods," he added.

Best picked Oklahoma City for the 30,500-square-foot (25,000-square-foot selling space) Best Bargains because:

- The city was an isolated market so the outlet store's deep discount prices wouldn't compete with any Best showrooms.
- The city was close to the Dallas DC so that both clearance items and regular catalog goods could be quickly shipped to the store.

Best Bargains is a recycled McCrory in the Redding Shopping Center, a strip center on Western Avenue across from a Sears and a Target in southwestern Oklahoma City.

The clearance and reconditioned goods are culled from Best's five core categories: jewelry, housewares, consumer electronics, sporting goods and juvenile.

Best Bargains also houses a Tele-Mail center where shoppers can place a telephone order for merchandise from Best's catalog and have the merchandise delivered to their home or else pick up the items at the store.

Glass Becomes Big Wheel At Fisher's Discount Stores

Robert B. Glass

NEW CASTLE, Pa. — Robert B. Glass, former president of Gold Circle Stores, has been named vice chairman and chief administrative officer of Fisher's Big Wheel Discount Department Stores.

Glass headed Gold Circle, the discount department store division of Federated Department stores, until it was dissolved and sold in the summer of 1988 after Federated was acquired by Campeau Corp. Under Glass, Gold Circle had attained a reputation as being an innovative fashion-forward, upscale discounter that struggled to achieve profits under Federated's control. Prior to Gold Circle, he was an executive at Macy's.

At Big Wheel, a regional discounter with stores in Ohio, Michigan, Pennsylvania, Indiana, New York, Connecticut, West Virginia and Rhode Island, Glass will be responsible for store operations, finance, information systems, loss prevention, transportation and distribution.

Vendor Alleges Blackmail

LIMA, Ohio — The Federal Trade Commission is reportedly investigating a manufacturer's claim that he was asked to pay $25,000 in "commercial blackmail money" to a retailer in order to keep the account.

Gerald D. O'Connor, president of Range Kleen Manufacturing, based here, told *DSN* that he contacted the FTC about a month ago after a "retailer requesting $25,000 to keep Range Kleen products in existing stores, as well as putting the products into 307 stores that the retailer had just acquired."

O'Connor declined to name the retailer or the person who asked him for the money. He said disclosing too many details of the case while it is being investigated would not be "prudent."

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Official Balloting Begins For Annual Program

NEW YORK — The first ballot for the 1990 SPARC (Supplier Performance Awards by Retail Category) program has officially begun. *Discount Store News* publisher John Failla announced that ballots have been sent to top buyers who will nominate suppliers they believe have done an outstanding job servicing the needs of discount retailers.

The second phase of the ballot process is conducted among merchandise managers to determine first, second and third place awards in the 20 merchandise categories.

Frank Bisceglia

The 13th annual gala SPARC awards banquet will be held Sunday, Aug. 13, at the Downtown Chicago Marriott. For details, contact John Failla, *Discount Store News*, 425 Park Ave., N.Y. 10022, (212) 371-9400, ext. 219.

Frank Bisceglia, senior vp, merchandising, Service Merchandise, is one of three new retailers named to the SPARC Awards Committee.

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